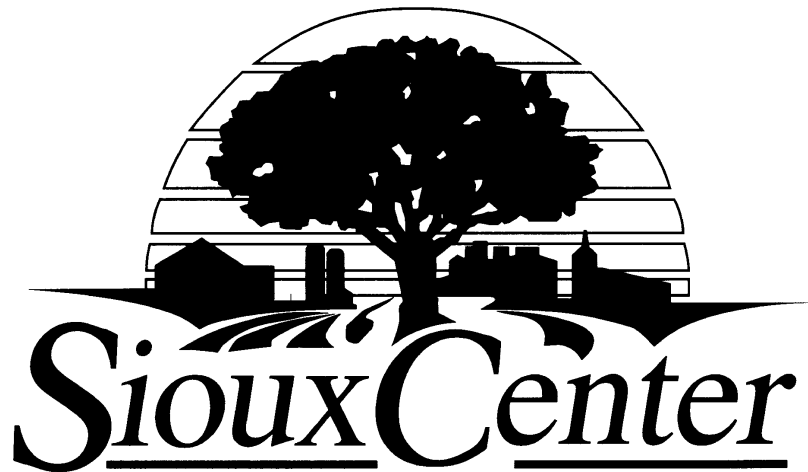


City of Sioux Center, Iowa



Annual Financial Report

for the fiscal year ended June 30, 2007

Prepared by:
Finance Department
Brad Van Schouwen, City Treasurer

CITY OF SIOUX CENTER, IOWA

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CITY OF SIOUX CENTER, IOWA

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CITY OF SIOUX CENTER, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Walstra	Mayor	Jan 2008
Dave Krahling	Council Member	Jan 2008
Scott Te Stroete	Council Member	Jan 2010
Perry Van Gorp	Council Member	Jan 2008
Randy Vreugdenhil	Council Member	Jan 2010
W. Dale Den Herder	Council Member	Jan 2010
Paul Clousing	City Manager	Jan 2008
Brad Van Schouwen	Treasurer, Finance Director	Jan 2008
Brian Van Engen	Attorney	Jan 2008



CITY OF SIOUX CENTER, IOWA 51250
335 First Avenue NW

712-722-0761 • Fax 712-722-0760
www.siouxcenter.org

October 31, 2007

The Honorable Mayor
Members of the City Council
Citizens of the City of Sioux Center, Iowa:

The Comprehensive Annual Financial Report for the City of Sioux Center for fiscal year ended June 30, 2007, has been prepared by the Finance Department and is submitted herewith. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The City of Sioux Center's financial statements have been audited by Kroese & Kroese, P.C., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial statements of the City of Sioux Center for the fiscal year ended June 30, 2007 are free of material misstatements. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used by management and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Sioux Center's financial statements for the fiscal year ended June 30, 2007, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Sioux Center's MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

The City of Sioux Center, incorporated in 1891, is located in the northwest corner of Iowa, approximately 45 miles east of Sioux City, Iowa, and 60 miles southeast of Sioux Falls, South Dakota. Sioux Center is surrounded by rich farmland and consequently much of its local business and industrial base is agriculturally oriented.

The City provides the full range of municipal services authorized by State Law and City Ordinance. This includes police and fire protection, street system, sanitation system, library, parks and recreation, municipal airport, planning and zoning and code enforcement, and general administrative services necessary to serve the citizens of the community. The City also operates water, wastewater treatment, electric and natural gas utility systems and a downtown mall.

The City operates under a council-manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the mayor and five members. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and setting policy. The City manager is responsible for carrying out the policies of the Council and for overseeing day-to-day operations of the City. The City Council is elected on a non-partisan basis. Council members serve four-year staggered terms with an election every two years. The Mayor is elected for a four-year term.

The annual budget serves as the foundation for the City of Sioux Center's financial planning and control. All departments of the City are required to submit their budget requests to be included in the budgeting process. The city manager and finance director compile these requests and present the proposed budget to the City Council. The City Council considers the proposed budget, makes changes and must adopt a final budget by March 15 of each year. The final adopted budget is the framework under which the City will operate in the next fiscal year. The legal level of budgetary control is at the function level rather than at the fund level. Budget-to-actual comparisons are provided in this report for each function.

Economic Condition and Outlook

Construction activity in the City was robust in calendar year 2006. Twenty-six building permits were issued for commercial construction, ninety-two permits were issued for residential construction and two permits were issued for tax exempt construction. A total estimated taxable value of \$19,088,476 was added to the tax base this year.

Taxable retail sales in the City continued to increase this past year. The increase in taxable sales amounted to \$4,775,091 for a total of \$100,212,092. The City's retail sales account for 34.64% of all taxable sales in the county.

Based on current projections, we expect to see an increase in building construction in the future. Although accelerated growth has a positive impact on the local economy, it does present challenges for the orderly development of the community and keeping up with our infrastructure.

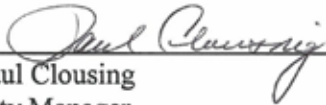
Long-term Financial Planning

The City Council and administration routinely consider the long-term outlook regarding financial matters. Operating budget decisions are based on the long-term impact of appropriations and funding. When considering capital improvement projects, the city considers the impact of investment in infrastructure and economic development, the associated debt burden, and additional operating commitments to ensure fiscally responsible decisions.


Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the dedicated services of the entire finance department. We wish to express our appreciation to all staff members who assisted and contributed to its preparation. We also thank the mayor and members of the City Council for their continued interest and support of the City in a responsible and progressive manner.

Sincerely,



Paul Clousing
City Manager



Brad Van Schouwen
Finance Director



CITY OF SIOUX CENTER, IOWA 51250
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www.siouxcenter.org

Management Discussion and Analysis

June 30, 2007

As management of the City of Sioux Center, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Sioux Center for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

Financial Highlights:

The assets of the City of Sioux Center exceeded liabilities at the close of business on June 30, 2007 by \$59,496,297 (net assets). Of this amount, \$25,751,266 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net assets increased by \$4,411,298 during the fiscal year. A decrease of \$268,146 is attributable to governmental activities and an increase of \$4,679,444 to business type activities. The decrease in the governmental activities is due to capital project fund expenditures.

The City's long-term debt increased \$2,897,000. General Obligation debt totaled \$9,205,000 and other long-term debt totaled \$5,467,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Sioux Center's basic financial statements. The City of Sioux Center's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Sioux Center's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Sioux Center is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs.

Both of the government-wide financial statements distinguish functions of the City of Sioux Center that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sioux Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Sioux Center can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Sioux Center adopts an annual appropriated budget. A budget comparison statement has been provided to demonstrate compliance with the budget.

Proprietary Funds

The City of Sioux Center maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the activities of the electric utility, gas utility, water utility, sewer utility and Centre Mall. The internal service fund is used to accumulate and allocate costs internally among the City's various functions. The City of Sioux Center used an internal service fund to account for its employee health insurance program through July 31, 2006.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements include a statement of cash flows in addition to the basic financial reports.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Sioux Center's programs.

Government-wide Financial Analysis

As stated earlier, net assets may serve over time as a useful indicator of the City's financial position. The largest part of the City's net assets reflects its investment in capital assets, less any related debt used to acquire those assets. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these long-term liabilities.

City of Sioux Center Net Assets

	Governmental Activities <u>2007</u>	Business- type Activities <u>2007</u>	Total <u>2007</u>	Governmental Activities <u>2006</u>	Business- type Activities <u>2006</u>	Total <u>2006</u>
Current and other assets	\$7,033,535	\$21,575,595	\$28,609,130	\$7,959,226	\$17,960,465	\$25,919,691
Capital assets	<u>24,999,672</u>	<u>23,866,524</u>	<u>48,866,196</u>	<u>22,823,832</u>	<u>20,868,883</u>	<u>43,692,715</u>
Total assets	<u>32,033,207</u>	<u>45,442,119</u>	<u>77,475,326</u>	<u>30,783,058</u>	<u>38,829,348</u>	<u>69,612,406</u>
Noncurrent liabilities	4,825,322	9,605,533	14,430,855	3,001,764	9,247,632	12,249,396
Other liabilities	<u>767,329</u>	<u>2,780,846</u>	<u>3,548,175</u>	<u>1,072,592</u>	<u>1,205,417</u>	<u>2,278,009</u>
Total liabilities	<u>5,592,651</u>	<u>12,386,379</u>	<u>17,979,030</u>	<u>4,074,356</u>	<u>10,453,049</u>	<u>14,527,405</u>
Net assets:						
Invested in capital assets, net of related	20,174,350	12,079,937	32,254,287	20,451,964	9,500,725	29,952,689
Restricted	414,599	1,076,145	1,490,744	36,936	755,568	792,504
Unrestricted	<u>5,851,607</u>	<u>19,899,659</u>	<u>25,751,266</u>	<u>6,219,802</u>	<u>18,120,005</u>	<u>24,339,807</u>
Total net assets	<u>\$26,440,556</u>	<u>\$33,055,741</u>	<u>\$59,496,297</u>	<u>\$26,708,702</u>	<u>\$28,376,298</u>	<u>\$55,085,000</u>

An additional portion of the City of Sioux Center's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Sioux Center is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The City's total net assets increased during the current fiscal year. The substantial increase in net assets in the business-type activities is primarily due to an equity distribution from the natural gas fund's supplier, National Public Gas Agency.

Governmental Activities

A summary of the City's changes in net assets follows:

City of Sioux Center Change Net Assets

	Governmental Activities <u>2007</u>	Business- type Activities <u>2007</u>	Total <u>2007</u>	Governmental Activities <u>2006</u>	Business- type Activities <u>2006</u>	Total <u>2006</u>
Revenues:						
Charges for services	\$1,196,521	\$18,044,340	\$19,240,861	\$1,398,186	\$18,945,536	\$20,343,722
Operating grants and contributions	529,391		529,391	518,312	219,428	737,740
Capital grants and contributions	394,131		394,131	116,575		116,575
General Revenues:						
Property taxes	1,983,337		1,983,337	1,721,957		1,721,957
Tax increment financing	1,180,181		1,180,181	976,401		976,401
Local option sales tax	552,779		552,779	520,697		520,697
Use of property and money	189,599	510,826	700,425	38,757	471,081	509,838
Miscellaneous	<u>729,840</u>	<u>3,976,642</u>	<u>4,706,482</u>	<u>442,385</u>	<u>3,243,178</u>	<u>3,685,563</u>
Total Revenues:	<u>6,755,779</u>	<u>22,531,808</u>	<u>29,287,587</u>	<u>5,733,270</u>	<u>22,879,223</u>	<u>28,612,493</u>
Expenses:						
Public safety	741,391		741,391	817,289		817,289
Public works	1,110,196		1,110,196	1,041,100		1,041,100
Culture and recreation	2,519,821		2,519,821	2,579,546		2,579,546
Community and economic development	150,322		150,322	148,772		148,772
General government	614,518		614,518	674,592		674,592
Interest on debt	144,171		144,171	144,415		144,415
Capital projects	1,532,401		1,532,401	1,133,134		1,133,134
Centre Mall		901,224	901,224		896,463	896,463
Water Utility		958,977	958,977		913,444	913,444
Sewer Utility		981,750	981,750		970,703	970,703
Electric Utility		5,750,535	5,750,535		5,386,473	5,386,473
Gas Utility		<u>9,470,983</u>	<u>9,470,983</u>		<u>10,397,592</u>	<u>10,397,592</u>
Total Expenses	<u>6,812,820</u>	<u>18,063,469</u>	<u>24,876,289</u>	<u>6,538,848</u>	<u>18,564,675</u>	<u>25,103,523</u>
Increase/(decrease) in net assets before other financing sources	(57,041)	4,468,339	4,411,298	(805,578)	4,314,548	3,508,970
Other financing sources (uses)	<u>(211,105)</u>	<u>211,105</u>	<u>0</u>	<u>(327,022)</u>	<u>327,022</u>	<u>0</u>
Increase/(decrease) in net assets	(268,146)	4,679,444	<u>4,411,298</u>	(1,132,600)	4,641,570	<u>3,508,970</u>
Net assets-beginning	<u>26,708,702</u>	<u>28,376,298</u>	<u>55,085,000</u>	<u>27,841,302</u>	<u>23,734,728</u>	<u>51,576,030</u>
Net assets-ending	<u>\$26,440,556</u>	<u>\$33,055,742</u>	<u>\$59,496,298</u>	<u>\$26,708,702</u>	<u>\$28,376,298</u>	<u>\$55,085,000</u>

Property tax revenues for general purposes increased by \$81,490 or approximately 7%. This increase is due to continued growth in property valuations. Trust and agency tax revenues increased by \$102,480, this levy can only be used to fund general government employee benefits such as health insurance premiums, workmen's compensation insurance premiums and payroll taxes. This increase is due to growth in property valuations as well as an increase in the trust and agency levy.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services, both in the general government and business-type activities.

Business-type Activities

Business-type activities increased the City of Sioux Center's net assets by \$5,040,274.

The net revenue (expense) by business activity is shown in the following table:

City of Sioux Center Business-Type Activities

<u>Business Type Activity</u>	<u>Net Revenue</u> <u>2007</u>	<u>Net Revenue</u> <u>2006</u>
Electric Utility	\$336,972	\$507,865
Natural Gas Utility	4,107,994	3,432,254
Water Utility	165,546	192,045
Sewer Utility	(54,989)	103,560
Centre Mall	<u>484,751</u>	<u>310,647</u>
Change in Net Assets	<u>\$5,040,274</u>	<u>\$4,546,371</u>

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the City's governmental funds is to provide information on near-term resources. Unreserved fund balance may serve as a useful measure of a government's net resources available at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$2,243,101.

The General Fund is the primary fund of the City. The General Fund balance increased by \$642,046 as of June 30, 2007.

Budgetary Highlights

The City of Sioux Center adopted one budget amendment during fiscal year 2007. The total amendment increased the budget by \$2,054,000. The majority of this amendment was due to capital projects. Disbursements did not exceed the amended budget in fiscal year 2007.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2007 amounts to \$32,254,287 (net of accumulated depreciation and related debt). Capital assets include land, construction in progress, buildings, improvements, machinery and equipment, and all infrastructure. The total governmental-type capital assets (net of depreciation and related debt) decreased \$277,614 as the city issued debt

for capital assets. The increase in capital assets in business-type activities totaled \$2,579,212. The net increase in capital assets for all activities for the fiscal year was \$2,301,598. Most of the increase in capital assets for business-type activities is due to utility system extensions.

Debt Administration

The city of Sioux Center had \$9,205,000 general obligation debt and \$5,467,000 revenue bond debt outstanding as June 30, 2007. This is a net increase of \$2,897,000 from the balance at the end of the previous fiscal year. The increase in bonds outstanding is due to a general obligation bond issue that will fund capital projects in the general, water and sewer fund and a water revenue bond issued to secure financing for the City's share of the Lewis and Clark water project.

The City's general obligation debt is limited by the State of Iowa to 5% of the actual value of all taxable property in the community. The City's general obligation debt limit is \$14,708,172. The City's net bonded debt (total issues outstanding less funds on hand with fiscal agents) is \$9,205,000 or 64% of the total.

Economic Factors

Construction activity in the City continued to increase in calendar year 2006. Twenty-six building permits were issued for commercial construction, ninety-two permits were issued for residential construction and two permits were issued for tax exempt construction. Total estimated taxable value of \$19,088,476 was added to the tax base in 2006 as compared to \$6,033,145 in the prior fiscal year.

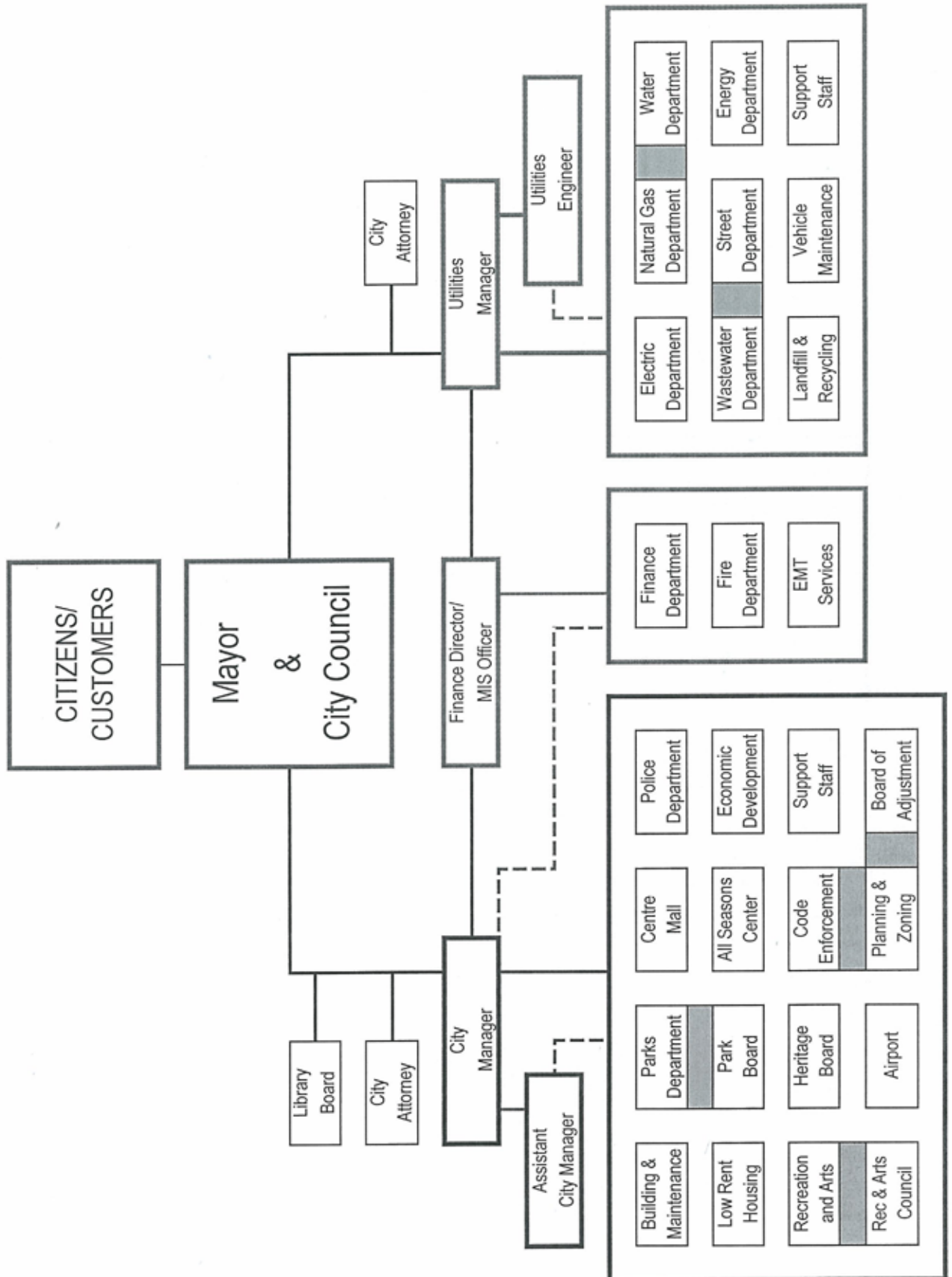
Taxable retail sales continued to increase this year. The increase in taxable sales amounted to \$4,775,091 for a total of \$100,212,092. The City's retail sales account for 34.64% of all taxable sales in the county.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to: Brad Van Schouwen, Finance Director, City of Sioux Center, 335 1st Ave NW, Sioux Center, Iowa 51250.

City of Sioux Center ORGANIZATIONAL STRUCTURE

June 30, 2007



Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sioux Center, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of City of Sioux Center, Iowa management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above the present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sioux Center, Iowa at June 30, 2007, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated October 4, 2007 on our consideration of City of Sioux Center, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those report are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 13 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Sioux Center, Iowa basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in pages 43 to 48, is presented for purposed of additional analysis and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sioux Center, Iowa
October 4, 2007

CITY OF SIOUX CENTER, IOWA

Statement of Net Assets

June 30, 2007

<u>Assets</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Cash and Pooled Investments	\$6,282,963	\$11,392,609	\$17,675,572
Receivables (net of allowance for uncollectibles)			
Taxes	899		899
Special Assessments	174,644		174,644
Accounts	58,048	1,715,907	1,773,955
Notes		2,611,366	2,611,366
Accrued Interest	21,111	94,585	115,696
Due from Other Funds	189,093		189,093
Due from Other Governments	100,385		100,385
Advances	12,000	198,000	210,000
Inventory		943,841	943,841
Prepaid Expenses	139,744	68,077	207,821
Restricted Assets:			
Customer Deposits		26,367	26,367
Nonoperating Properties - Land		2,737,352	2,737,352
Investment in Joint Venture		1,626,567	1,626,567
Deferred Bond Issue Costs	28,474	69,086	97,560
Bond Discounts	26,174	91,838	118,012
Capital Assets (Net of Accumulated Depreciation)	<u>24,999,672</u>	<u>23,866,524</u>	<u>48,866,196</u>
Total Assets	<u>\$32,033,207</u>	<u>\$45,442,119</u>	<u>\$77,475,326</u>
<u>Liabilities and Net Assets</u>			
<u>Liabilities</u>			
Accounts Payable	\$288,273	\$1,560,383	\$1,848,656
Accrued Interest Payable	45,057	58,430	103,487
Payable from Restricted Assets - Customer Deposits		26,367	26,367
Due to Other Funds	189,093		189,093
Deferred Revenue:			
Succeeding Year Property Tax	175,543		175,543
Compensated Absences	69,363	59,521	128,884
Noncurrent Liabilities:			
Advances		150,000	150,000
Due within one Year	387,084	926,145	1,313,229
Due in more than one Year	<u>4,438,238</u>	<u>9,605,533</u>	<u>14,043,771</u>
Total Liabilities	<u>5,592,651</u>	<u>12,386,379</u>	<u>17,979,030</u>
<u>Net Assets</u>			
Investment in Capital Assets, net of Related Debt	20,174,350	12,079,937	32,254,287
Restricted:			
Debt Service	414,599	1,076,145	1,490,744
Unrestricted	<u>5,851,607</u>	<u>19,899,659</u>	<u>25,751,266</u>
Total Net Assets	<u>26,440,556</u>	<u>33,055,741</u>	<u>59,469,297</u>
Total Liabilities and Net Assets	<u>\$32,033,207</u>	<u>\$45,442,120</u>	<u>\$77,475,327</u>

See notes to financial statements

CITY OF SIOUX CENTER, IOWA

Statement of Activities For the Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Functions/Programs:							
Governmental activities:							
Public safety	(\$741,391)	\$54,484			(\$686,907)		(\$686,907)
Public works	(1,110,196)	223,861	\$529,391		(356,944)		(356,944)
Culture and recreation	(2,519,821)	787,863			(1,731,958)		(1,731,958)
Community & economic development	(150,322)	97,422			(52,900)		(52,900)
General government	(614,518)	32,890			(581,628)		(581,628)
Interest on long-term debt	(144,171)				(144,171)		(144,171)
Capital Projects	<u>(1,532,401)</u>			<u>\$394,131</u>	<u>(1,138,270)</u>		<u>(1,138,270)</u>
Total governmental activities	<u>(6,812,820)</u>	<u>1,196,521</u>	<u>529,391</u>	<u>394,131</u>	<u>(4,692,777)</u>		<u>(4,692,777)</u>
Business-type activities:							
Centre Mall	(901,224)	392,026				(509,198)	(\$509,198)
Water	(958,977)	1,102,593				143,616	143,616
Sewer	(981,750)	863,499				(118,251)	(118,251)
Electric	(5,750,535)	6,074,370				323,835	323,835
Gas	<u>(9,470,983)</u>	<u>9,611,852</u>				<u>140,869</u>	<u>140,869</u>
Total business-type activities	<u>(18,063,469)</u>	<u>18,044,340</u>				<u>(19,129)</u>	<u>(19,129)</u>
Total primary government	<u>(\$24,876,289)</u>	<u>\$19,240,861</u>	<u>\$529,391</u>	<u>\$394,131</u>	<u>(\$4,692,777)</u>	<u>(\$19,129)</u>	<u>(\$4,711,906)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$1,250,411		\$1,250,411
Community center					27,359		27,359
Trust and agency					655,516		655,516
Tax increment financing					1,180,181		1,180,181
Debt Service					50,051		50,051
Local option sales tax					552,779		552,779
Unrestricted investment earnings					189,599	\$500,290	689,889
Miscellaneous					729,840	3,987,178	4,717,018
Transfers					<u>(211,105)</u>	<u>211,105</u>	
Total general revenues and transfers					<u>4,424,632</u>	<u>4,698,573</u>	<u>9,123,204</u>
Change in net assets					(268,145)	4,679,444	4,411,298
Net assets - - beginning					<u>26,708,701</u>	<u>28,376,297</u>	<u>55,084,998</u>
Net assets - - ending					<u>\$26,440,556</u>	<u>\$33,055,741</u>	<u>\$59,496,296</u>

See notes to financial statements

CITY OF SIOUX CENTER, IOWA

Balance Sheet Governmental Funds June 30, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total Governmental</u>
<u>Assets</u>					
Cash and Pooled Investments	\$2,722,951	\$27,302	\$2,647,377	\$885,333	\$6,282,963
Receivables:					
Taxes	899				899
Special Assessments	174,644				174,644
Accounts	58,048				58,048
Accrued Interest	10,716		10,395		21,111
Due from Other Funds	34,104			154,988	189,092
Due from Other Governments	6,512	213		93,659	100,384
Advances to Other Funds	12,000				12,000
Prepaid Expenses	<u>(514)</u>				<u>(514)</u>
Total Assets	<u>3,019,360</u>	<u>27,515</u>	<u>2,657,772</u>	<u>1,133,980</u>	<u>6,838,627</u>
<u>Liabilities</u>					
Accounts Payable	258,810		28,041	1,421	288,272
Due to Other Government/Funds			189,093		189,093
Deferred Revenue:					
Succeeding Year Property Tax	175,543				175,543
Compensated Absences	<u>69,363</u>				<u>69,363</u>
Total Liabilities	<u>503,716</u>		<u>217,134</u>	<u>1,421</u>	<u>722,271</u>
<u>Fund Balances</u>					
Advances to Other Funds	12,000				12,000
Prepaid Expenditures					
Debt Service		27,515			27,515
Other Purpose	<u>2,503,644</u>		<u>2,440,638</u>	<u>1,132,559</u>	<u>6,076,841</u>
Total Fund Balance	<u>2,515,644</u>	<u>27,515</u>	<u>2,440,638</u>	<u>1,132,559</u>	<u>6,116,356</u>
Total Liabilities and Fund Balance	<u>\$3,019,360</u>	<u>\$27,515</u>	<u>\$2,657,772</u>	<u>\$1,133,980</u>	<u>\$6,838,627</u>

See notes to financial statements

CITY OF SIOUX CENTER, IOWA

Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Assets June 30, 2007

Total governmental fund balances	\$6,116,356
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***Amounts reported for governmental activities in the
statement of net assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets (including infrastructure) is \$34,375,873 and the accumulated depreciation is \$9,375.873.

24,999,672

The unamortized portion of prepaid items are not current financial resources and, therefore, are not reported in the funds.

140,259

Long-term liabilities, including bonds payable, accrued interest payable and other related accounts, are not due and payable in the current period and therefore are not reported in the governmental funds.

(4,815,731)

Net assets of governmental activities

\$26,440,556

CITY OF SIOUX CENTER, IOWA

Statement of Revenues and Expenditures

Governmental Funds

June 30, 2007

	General	Debt Service	Nonmajor Capital Projects	Nonmajor Special Revenue	Total Governmental
Revenues:					
Property Taxes	\$1,150,108	\$50,051		\$655,516	\$1,855,675
TIF Revenue				1,180,181	1,180,181
Other City Taxes	127,663			552,779	680,442
Special Assessments	14,836	61,875			76,711
Licenses and Permits	127,662				127,662
Intergovernmental	58,116		\$394,131	529,391	981,638
Contributions					
Charges for Services	968,434				968,434
Miscellaneous	358,360	66,810	162,260		587,430
Use of Money and Property	<u>207,556</u>		<u>45,913</u>	<u>44,137</u>	<u>297,606</u>
Total Revenues	<u>3,012,735</u>	<u>178,736</u>	<u>602,304</u>	<u>2,962,004</u>	<u>6,755,779</u>
Expenditures:					
Public Safety:					
Police	590,746			6,435	597,181
Fire	125,922				125,922
Ambulance	5,757				5,757
Animal Control	<u>1,455</u>				<u>1,455</u>
Total Public Safety	<u>723,881</u>	<u>0</u>	<u>0</u>	<u>6,435</u>	<u>730,316</u>
Public Works:					
Street Maintenance	117,018			165,112	282,130
Street Administration	27,744				27,744
Street Lighting	47,357				47,357
Traffic Safety	24,796				24,796
Snow Removal	73,494				73,494
Street Cleaning	42,444				42,444
Airport	85,874				85,874
Solid Waste	<u>219,595</u>				<u>219,595</u>
Total Public Works	<u>638,322</u>	<u>0</u>	<u>0</u>	<u>165,112</u>	<u>803,434</u>
Culture and Recreation:					
Museum	18,000				18,000
Parks	113,015				113,015
Sandy Hollow	56,689				56,689
Arts & Crafts	58,363				58,363
Annual Events	10,020				10,020
Recreation	95,814				95,814
Senior Center	145,468				145,468
Library	386,992				386,992
Senior Citizen Transportation	31,000				31,000
All Seasons Center	998,919				998,919
Community Center	605				605
Athletic Field	<u>191,148</u>				<u>191,148</u>
Total Culture and Recreation	<u>2,106,035</u>				<u>2,106,035</u>
Community and Economic Development:					
Beautification	14,422				14,422
Industrial Development	80,977			551	81,528
Zoning	43,718				43,718
Affordable Housing	<u>10,800</u>				<u>10,800</u>
Total Community and Economic Development	<u>149,917</u>	<u>0</u>	<u>0</u>	<u>551</u>	<u>150,468</u>
General Government					
Executive Administration	434,086				434,086
Financial Administration	87,658				87,658
City Hall	<u>78,214</u>				<u>78,214</u>
Total General Government	<u>599,959</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>599,959</u>
Debt Service		491,741			491,741
Capital Projects			<u>1,831,620</u>		<u>1,831,620</u>
Total Expenditures	<u>4,218,115</u>	<u>491,741</u>	<u>1,831,620</u>	<u>172,098</u>	<u>6,713,574</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,205,380)	(313,005)	(1,229,316)	2,789,906	42,206
Other Financing Sources (Uses):					
Operating Transfers From Other Funds	2,719,374	337,245	664,641		3,721,260
Operating Transfers To Other Funds	(871,949)			(3,060,416)	(3,932,365)
Proceeds from Bond Issuance			<u>2,412,000</u>		<u>2,412,000</u>
Total Other Financing Sources (Uses)	<u>1,847,425</u>	<u>337,245</u>	<u>3,076,641</u>	<u>(3,060,416)</u>	<u>2,200,895</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$642,046</u>	<u>\$24,240</u>	<u>\$1,847,325</u>	<u>(\$270,510)</u>	<u>\$2,243,101</u>

See notes to financial statements

CITY OF SIOUX CENTER, IOWA

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds to the Statement of Activities
June 30, 2007

Net change in fund balances - Total governmental funds	\$2,243,101
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life the assets. Depreciation exceeded capital outlay expense in the current year as follows:

Expenditures for capital assets	\$530,342	
Depreciation expense	(996,628)	(466,286)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt exceeded debt repayments as follows:

Bonds and loans issued	\$(2,412,000)	
Principal payments	\$367,433	(2,044,567)

Interest expenditures in governmental funds include interest that becomes legally payable, but interest expense in the Statement of Activities includes accrued interest payable, premium amortization, and deferred bond issue cost amortization, as follows:

Interest on long-term debt	\$(19,863)	
Bond issue amortization	3,725	
Bond discount amortization	2,774	(13,364)

Prepaid expenses in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.

12,970

Change in net assets of governmental activities	<u>\$(268,146)</u>
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CITY OF SIOUX CENTER, IOWA

Statement of Net Assets

Proprietary Funds

June 30, 2007

	<u>Electric</u>	<u>Natural Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Centre Mall</u>	<u>Totals</u>
ASSETS						
Current Assets						
Cash and Pooled Investments	\$2,327,079	\$6,108,917	\$1,896,924	\$441,899	\$617,790	\$11,392,609
Receivables:						
Accounts	525,104	1,009,732	103,827	77,184		1,715,907
Notes	1,001,366	1,610,000				2,611,366
Accrued Interest	34,309	50,705	7,241	1,726	604	94,585
Advances to Other Funds	12,000	162,000	12,000	12,000		198,000
Inventory	644,510	213,449	85,882			943,841
Prepaid Expenses	<u>10,459</u>	<u>5,556</u>	<u>17,114</u>	<u>18,782</u>	<u>16,166</u>	<u>68,077</u>
Total Current Assets	<u>4,554,827</u>	<u>9,160,419</u>	<u>2,122,988</u>	<u>551,591</u>	<u>634,560</u>	<u>17,024,385</u>
Noncurrent Assets						
Nonoperating Properties-Land	2,311,574	425,778				2,737,352
Investment in Joint Venture	1,626,567					1,626,567
Deferred Bond Issue Costs			42,233	4,235	22,618	69,086
Bond Discounts			72,601	3,878	15,359	91,838
Restricted Cash:						
Customer Deposits	9,021	12,419	4,927			26,367
Capital Assets (net of depreciation)	<u>5,141,433</u>	<u>2,356,229</u>	<u>6,732,266</u>	<u>3,866,767</u>	<u>5,769,829</u>	<u>23,866,524</u>
Total Noncurrent Assets	<u>9,088,595</u>	<u>2,794,426</u>	<u>6,852,027</u>	<u>3,874,880</u>	<u>5,807,806</u>	<u>28,417,734</u>
Total Assets	<u>13,643,422</u>	<u>11,954,845</u>	<u>8,975,015</u>	<u>4,426,471</u>	<u>6,442,366</u>	<u>45,442,119</u>
LIABILITIES						
Current Liabilities						
Accounts Payable	609,406	827,495	50,291	38,954	34,240	1,560,383
Accrued Interest Payable			27,010	5,445	25,975	58,430
Compensated Absences Payable	17,588	12,114	9,489	12,929	7,401	59,521
Deposits	9,021	12,419	4,927			26,367
Due to Other Funds					150,000	150,000
Bonds, notes, and loans payable			<u>234,436</u>	<u>171,709</u>	<u>520,000</u>	<u>926,145</u>
Total Current Liabilities	<u>636,012</u>	<u>852,028</u>	<u>326,153</u>	<u>229,037</u>	<u>737,616</u>	<u>2,780,846</u>
Noncurrent Liabilities						
Bonds, notes and loans payable			<u>4,505,052</u>	<u>1,740,482</u>	<u>3,360,000</u>	<u>9,605,533</u>
Total Noncurrent Liabilities			<u>4,505,052</u>	<u>1,740,482</u>	<u>3,360,000</u>	<u>9,605,533</u>
Total Liabilities	<u>636,012</u>	<u>852,028</u>	<u>4,831,205</u>	<u>1,969,519</u>	<u>4,097,616</u>	<u>12,386,379</u>
NET ASSETS						
Invested in capital assets, net of related debt	5,141,433	2,356,229	1,992,777	1,984,576	604,922	12,079,937
Restricted for Debt Service			234,436	171,709	670,000	1,076,145
Unrestricted	<u>7,865,978</u>	<u>8,746,588</u>	<u>1,916,597</u>	<u>300,667</u>	<u>1,069,829</u>	<u>19,899,659</u>
Total Net Assets	<u>\$13,007,411</u>	<u>\$11,102,817</u>	<u>\$4,143,810</u>	<u>\$2,456,952</u>	<u>\$2,344,751</u>	<u>\$33,055,741</u>

See notes to financial statements

CITY OF SIOUX CENTER, IOWA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
June 30, 2007

	<u>Electric</u>	<u>Natural Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Centre Mall</u>	<u>Totals</u>	<u>Internal Services Fund</u>
Operating Revenues							
Charges for Services	\$6,074,670	\$9,588,321	\$1,102,593	\$863,499	\$392,026	\$18,020,809	\$23,531
Earnings from Joint Venture	15,908					15,908	
Miscellaneous	<u>6,673</u>	<u>12,852</u>	<u>2,874</u>	<u>7,183</u>	<u>7,882</u>	<u>37,464</u>	
Total Operating Revenues	<u>6,096,951</u>	<u>9,601,173</u>	<u>1,105,467</u>	<u>870,682</u>	<u>399,908</u>	<u>18,074,181</u>	<u>23,531</u>
Operating Expenses							
Personal Services	406,136	268,624	268,139	337,135	194,085	1,474,121	
Utilities	11,996	13,107	67,621	99,333	48,614	240,671	
Repairs and Maintenance	421,555	96,602	177,211	179,292	42,136	916,796	
Taxes	8,076	2,318			212,666	223,060	
Other Supplies	12,882	11,969	27,255	15,602	9,827	77,534	
Insurance Expenses	20,128	10,478	21,769	25,160	16,591	94,126	
Depreciation and Amortization	483,267	125,241	233,422	252,472	175,409	1,269,811	
Legal and Professional	36,484	47,644	15,413	11,942	4,321	115,804	
Advertising	15,316	13,467			42,875	71,658	
Miscellaneous	31,575	31,500		2,215	8,757	74,047	108,665
Resale Purchases	<u>4,303,119</u>	<u>8,741,368</u>				<u>13,044,487</u>	
Total Operating Expenses	<u>5,750,535</u>	<u>9,362,318</u>	<u>810,830</u>	<u>923,153</u>	<u>755,281</u>	<u>17,602,116</u>	<u>108,665</u>
Total Operating Income (Loss)	346,415	238,856	294,637	(52,471)	(355,373)	472,064	(85,134)
Nonoperating Revenues (Expenses)							
Interest and Investment Revenue	156,157	258,953	47,861	32,997	4,322	500,290	10,536
Equity Distribution		3,811,834				3,811,834	
Gain (Loss) on Sale of Assets	8,000					8,000	
Land Rental	81,350	22,086				103,436	
Interest Expense			<u>(148,147)</u>	<u>(58,597)</u>	<u>(145,943)</u>	<u>(352,688)</u>	
Total Nonoperating Revenue (Expenses)	<u>245,507</u>	<u>4,092,874</u>	<u>(100,286)</u>	<u>(25,600)</u>	<u>(141,621)</u>	<u>4,070,872</u>	<u>10,536</u>
Income (Loss) Before Contributions and transfers	<u>591,922</u>	<u>4,331,729</u>	<u>194,351</u>	<u>(78,071)</u>	<u>(496,994)</u>	<u>4,542,937</u>	<u>(74,598)</u>
Transfers In	31,850	30,565	22,495	23,082	981,745	1,089,737	
Transfers Out	<u>(286,800)</u>	<u>(254,300)</u>	<u>(51,300)</u>			<u>(592,400)</u>	<u>(286,232)</u>
Change in Net Assets	336,972	4,107,994	165,546	(54,989)	484,751	5,040,274	(360,831)
Total Net Assets - Beginning	<u>12,670,439</u>	<u>6,994,824</u>	<u>3,978,264</u>	<u>2,511,940</u>	<u>1,860,000</u>	<u>28,015,467</u>	<u>360,831</u>
Total Net Assets - Ending	<u>\$13,007,411</u>	<u>\$11,102,818</u>	<u>\$4,143,810</u>	<u>\$2,456,951</u>	<u>\$2,344,751</u>	<u>\$33,055,741</u>	<u>\$0</u>

See notes to financial statements

CITY OF SIOUX CENTER, IOWA

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2007

	Business Type Activities					Governmental Activities	
	Electric	Natural Gas	Water	Sewer	Centre Mall	Total	Internal Services Funds
Cash Flows from Operating Activities							
Received from customers	\$6,078,409	\$9,190,862	\$1,122,975	\$945,758	\$399,908	\$17,738,213	\$23,531
Payments to suppliers for goods & services	(4,808,614)	(8,728,012)	(280,474)	(339,271)	(359,013)	(14,515,385)	(117,929)
Payments to employees for services	(406,150)	(267,355)	(268,526)	(337,642)	(195,226)	(1,474,898)	_____
Net cash provided (used) by operating activities	<u>863,946</u>	<u>195,494</u>	<u>573,976</u>	<u>268,845</u>	<u>(154,331)</u>	<u>1,747,930</u>	<u>(94,398)</u>
Cash Flows from Noncapital Financing Activities							
Operating subsidies & transfers to other funds	(254,950)	(223,735)	(28,805)	23,082	981,745	497,337	(286,232)
Advances from (to) other funds	<u>294,155</u>	<u>(23,423)</u>	<u>15,129</u>	<u>15,991</u>	<u>(187,850)</u>	<u>114,002</u>	_____
Net cash provided (used) by noncapital financing activities	<u>39,205</u>	<u>(247,158)</u>	<u>(13,676)</u>	<u>39,073</u>	<u>793,895</u>	<u>611,339</u>	<u>(286,232)</u>
Cash Flows from Capital & Related Financing Activities							
Acquisition & construction of capital assets	(920,696)	(926,058)	(468,001)	(761,360)	(706,402)	(3,782,516)	
Bond Proceeds (Notes Issued)	(925,000)	(1,610,000)	1,302,000	306,000	685,000	(242,000)	
Principal paid on debt			(158,875)	(156,692)	(440,000)	(755,567)	
Bonds Costs			(28,723)	(764)	8,757	(20,730)	
Equity Distribution		3,811,834				3,811,834	
Investment in joint venture	(15,908)					(15,908)	
Investment in nonoperating properties	<u>(825,012)</u>	<u>(218,000)</u>	_____	_____	_____	<u>(1,043,012)</u>	
Net cash provided (used) by operating activities	<u>(2,686,617)</u>	<u>(1,057,776)</u>	<u>646,401</u>	<u>(612,815)</u>	<u>(452,645)</u>	<u>(2,047,900)</u>	
Cash Flows from Investing Activities							
Purchase of investment securities	(2,818,600)	(10,225,456)	(2,131,282)	(1,300,000)	(500,000)	(16,975,338)	(200,000)
Proceeds from sale of investment securities	2,818,600	10,225,456	2,131,282	1,300,000	500,000	16,975,338	200,000
Interest & dividends on investments	150,021	246,492	46,016	34,070	3,793	480,392	10,666
Other nonoperating revenues (expenses)	<u>89,350</u>	<u>22,086</u>	<u>(148,147)</u>	<u>(58,597)</u>	<u>(145,943)</u>	<u>(241,251)</u>	_____
Net cash provided (used) by operating activities	<u>239,371</u>	<u>268,578</u>	<u>(102,131)</u>	<u>(24,527)</u>	<u>(142,150)</u>	<u>239,141</u>	<u>10,666</u>
Net increase (decrease) in cash & cash equivalents	<u>(1,544,094)</u>	<u>1,274,690</u>	<u>1,104,569</u>	<u>(329,424)</u>	<u>44,770</u>	<u>550,510</u>	<u>(369,964)</u>
Balances - beginning of the year	<u>3,880,195</u>	<u>4,846,646</u>	<u>797,282</u>	<u>771,324</u>	<u>573,020</u>	<u>10,868,467</u>	<u>369,964</u>
Balances - end of the year	<u><u>\$2,336,101</u></u>	<u><u>\$6,121,366</u></u>	<u><u>\$1,901,851</u></u>	<u><u>\$441,899</u></u>	<u><u>\$617,790</u></u>	<u><u>\$11,418,976</u></u>	<u><u>\$0</u></u>

See notes to financial statements

CITY OF SIOUX CENTER, IOWA

Statements of Cash Flows - Proprietary Funds

Year ended June 30, 2007

	<u>Business Type Activities</u>					Governmental	
	<u>Electric</u>	<u>Natural Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Centre Mall</u>	<u>Total</u>	<u>Activities Internal Services Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	\$346,415	\$238,856	\$294,637	(\$52,471)	(\$355,373)	\$472,064	(\$85,134)
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation & amortization expense	483,267	125,241	233,422	252,472	175,409	1,269,811	
Increase (Decrease) in assets:							
Receivables, net	(25,353)	(413,916)	31,086	59,338	3,390	(345,454)	
Inventories	(159,457)	(58,144)	4,598			(213,003)	
Prepaid expenses	(2,951)	(1,881)	(3,407)	(1,455)	(2,746)	(12,439)	
(Increase) Decrease in liabilities:							
Accounts payable	219,086	302,189	10,620	10,013	23,384	565,291	(9,264)
Accrued expenses	<u>2,937</u>	<u>3,150</u>	<u>3,020</u>	<u>948</u>	<u>1,605</u>	<u>11,660</u>	
Total adjustments	<u>517,530</u>	<u>(43,361)</u>	<u>279,339</u>	<u>321,316</u>	<u>201,042</u>	<u>1,275,866</u>	<u>(9,264)</u>
Net cash provided (used) by operating activities	<u>\$863,945</u>	<u>\$195,495</u>	<u>\$573,976</u>	<u>\$268,846</u>	<u>(\$154,331)</u>	<u>1,747,930</u>	<u>(\$94,398)</u>
Reconciliation of Cash & Cash Equivalents to the Balance Sheet							
Cash & Pooled Investments	\$2,327,079	\$6,108,917	\$1,896,924	\$441,899	\$617,790	\$11,392,609	
Restricted Cash	<u>9,021</u>	<u>12,419</u>	<u>4,927</u>			<u>26,367</u>	
	<u>\$2,336,100</u>	<u>\$6,121,336</u>	<u>\$1,901,851</u>	<u>\$441,899</u>	<u>\$617,790</u>	<u>\$11,418,976</u>	<u>\$0</u>

See notes to financial statements

CITY OF SIOUX CENTER, IOWA

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2007

Assets

Cash and Pooled Investments	(\$5,372)
Receivable:	
Accounts	<u>27,567</u>
Total Assets	<u>\$22,195</u>

Liabilities

Accounts Payable	<u>\$22,195</u>
Total Liabilities	<u>\$22,195</u>

Net Assets

See notes to financial statements

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

The City of Sioux Center, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the City Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides electric, natural gas, water and sewer utilities, and a municipal shopping mall for its citizens.

The City's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, City of Sioux Center, Iowa has included all funds, organizations, agencies, boards and commissions. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City would cause the financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions; these are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provision or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's long-term general obligation debt.

The Capital Projects Funds is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the City reports the following major proprietary funds:

Electric Utility - The electric utility accounts for the operation of a municipally owned electric system, which distributes electrical power to the residents of the City.

Natural Gas Utility - The natural gas utility accounts for the operation of a municipally owned natural gas system, which distributes natural gas to the residents of the City.

Water Utility - The water utility accounts for the operation of a municipally owned water system, which provides services to the residents of the City.

Sewer Utility - The sewer utility accounts for the operation of a municipally owned sewage collection and treatment facility, which provides services to the residents of the City.

Centre Mall - The Centre Mall fund accounts for the operation of a municipally owned shopping mall which provides retailers with store space pursuant to a lease agreement.

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-recovery basis.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and agency fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the agency have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City's considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary funds of the City apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's funds are charges to customers for sales and services. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

Property tax receivable is recognized in these funds on the lien date. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and receivable in September and March of the fiscal year with a 1 1/2 % per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget adopted by the City Council in March 2007.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other Funds - During the course of its operations, the City has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method.

Capital Assets - Capital assets, which include land, buildings, improvements, equipment, and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the governmentwide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Infrastructure	\$50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

Property and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings	40-50
Building Improvements	25-50
Infrastructure	30-50
Equipment	3-20
Vehicles	3-10

Deferred Payments - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current property or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term liabilities - In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds, except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type activities and non-program.

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed by the City's at year end. The City's investments are all Category 1, which means that the investments are insured or registered or the securities are held by the City or its agent in the City's name.

The City's investments at June 30, 2007 are as follows:

<u>Type</u>	<u>Fair Value</u>
Perfected Repurchase Agreements	\$14,095,000

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2007 is as follows:

<u>Due to Other Fund</u>	<u>Due From Other Fund</u>	<u>Amount</u>
General	Capital project-Trail Extension	\$7,756
Road Use Tax	Cap project - Biotech	52,746
Road Use Tax	Cap project - 7th St. NW	14,784
Road Use Tax	Cap project - East 1st St.	15,126
Road Use Tax	Cap project - St. Andrew Way	72,333
General	Cap project - Downtown Enhancement	23,314
General	Cap project - Multi-Family Complex	<u>3,034</u>
Total		<u>\$189,093</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

(4) Long Term Advances

As of June 30, 2007 long term advances were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Internal Service Agency - Equipment Revolving	\$12,000
Proprietary - Electric	Internal Service Agency - Equipment Revolving	12,000
Proprietary - Gas	Internal Service Agency - Equipment Revolving	12,000
Proprietary - Water	Internal Service Agency - Equipment Revolving	12,000
Proprietary - Sewer	Internal Service Agency - Equipment Revolving	12,000
Proprietary - Gas	Proprietary - Centre Mall	150,000
Total		<u>\$210,000</u>

(5) Capital Assets

A summary of changes in capital assets is as follows:

Primary Government:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$460,920			\$460,920
Construction in progress	1,790,654	\$845,295		2,635,948
Total capital assets not being depreciated	<u>2,251,574</u>	<u>845,925</u>	<u>0</u>	<u>3,096,868</u>
Capital assets being depreciated:				
Buildings	11,243,545	52,879		11,296,423
Improvements	2,580,420	52,925		2,633,345
Equipment	3,257,431	424,539	(29,328)	3,652,642
Infrastructure	13,021,552	674,715		13,696,267
Total capital assets being depreciated	<u>30,102,947</u>	<u>1,205,057</u>	<u>29,328</u>	<u>31,278,677</u>
Less Accumulated Depreciation for:				
Buildings	1,674,202	387,969		2,062,172
Improvements	1,895,378	230,290		2,125,668
Equipment	2,098,659	127,691	(29,328)	2,197,022
Infrastructure	2,717,082	273,930		2,991,012
Total Accumulated Depreciation	<u>8,385,321</u>	<u>1,019,880</u>	<u>29,328</u>	<u>9,375,873</u>
Total capital assets being depreciated, net	<u>21,717,626</u>	<u>185,177</u>	<u>0</u>	<u>21,902,803</u>
Governmental activities capital assets, net	<u>\$23,969,200</u>	<u>\$1,030,472</u>	<u>\$0</u>	<u>\$24,999,672</u>

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

	Balance <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2007</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$382,900			\$382,900
Construction Progress	<u>5,105</u>	<u>\$2,712,397</u>		<u>2,717,502</u>
Total capital assets not being depreciated	<u>388,004</u>	<u>2,712,397</u>		<u>3,100,402</u>
Capital assets being depreciated:				
Buildings	7,561,957	706,241		8,268,198
Improvements	362,382			362,382
Equipment	1,617,631	200,125	(\$38,233)	1,779,523
Infrastructure	<u>33,429,080</u>	<u>210,537</u>	<u>(5,018)</u>	<u>33,634,599</u>
Total capital assets being depreciated	<u>42,971,049</u>	<u>1,116,903</u>	<u>(43,251)</u>	<u>44,044,701</u>
Less accumulated depreciation	<u>22,122,349</u>	<u>1,199,482</u>	<u>(43,251)</u>	<u>23,278,579</u>
Total capital assets being depreciated, net	<u>20,848,701</u>	<u>(82,579)</u>	<u>0</u>	<u>20,766,122</u>
Governmental activities capital assets, net	<u>\$21,236,705</u>	<u>\$2,629,818</u>	<u>\$0</u>	<u>\$23,866,524</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Public Safety	\$90,716
Public Works	363,165
Culture and Recreation	549,175
General Government	<u>16,824</u>

Total depreciation expense - governmental type activities \$1,019,880

Business Type Activities

Electric	\$412,971
Natural Gas	125,241
Water	233,422
Sewer	252,471
Centre Mall	<u>175,378</u>

Total depreciation expense - business-type activities \$1,199,482

Reconciliation of Investment in Capital Assets

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land	\$460,920	\$382,900
Construction in Progress	2,635,948	2,717,502
Capital Assets (net of accumulated depreciation)	21,902,804	20,766,122
Less: General Obligation Bonds Payable	(4,825,322)	(1,184,678)
Revenue Bonds	<u> </u>	<u>(9,347,000)</u>
Investment in Capital Assets, Net of Related Debt	<u>\$20,174,350</u>	<u>\$13,334,846</u>

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

(6) Investment in Joint Venture

The City is a participant in the Missouri Basin Municipal Electric Cooperative Association, a joint venture for the construction and maintenance of power lines from the power source to the Northwest Iowa Power Cooperative. The construction of the lines is accomplished by NIPCO and there are no actual dedicated lines, but rather an agreement which guarantees the municipalities the right to draw power over the lines at a raw power cost without transmission charges. The City owns a 26.55 percent share of the venture with twelve other cities sharing in their ownership at varying percentages. The City's investment in the joint venture is accounted for by the equity method in the Electric Fund. Separately issued audited financial statements of the Associated are available from Missouri Basin Municipal Electric Cooperative Association.

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	General Obligation	Revenue	Total
Bonds Payable - July 1, 2006	\$6,880,000	\$4,835,000	\$11,715,000
Bonds Issued	3,150,000	870,000	4,020,000
Bonds Retired	<u>(825,000)</u>	<u>(238,000)</u>	<u>(1,063,000)</u>
Bonds Payable - June 30, 2007	<u>\$9,205,000</u>	<u>\$5,467,000</u>	<u>\$14,672,000</u>

Details of above general obligations and special assessment bonds payable at June 30, 2007 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2007
General Obligation	2007	3.7-4 %	2022	\$65,000-315,000	\$3,150,000	\$3,150,000
Centre Mall	2004	2.25-3.65 %	2015	125,000-165,000	1,420,000	1,165,000
General Obligation	2000	5.20-6.60 %	2012	20,000-120,000	975,000	595,000
General Obligation	2001	4.4647 %	2012	58,132-83,710	702,235	388,322
General Obligation	2002	4.00-5.00 %	2021	55,000-95,000	1,315,000	1,060,000
Refunding Bonds-A	2003	1.2-3.0 %	2010	140,000-160,000	1,050,000	470,000
Refunding Bonds-B	2003	1.5-3.25 %	2010	85,000-95,000	625,000	370,000
Centre Mall	1998	4.50-4.90 %	2018	70,000-150,000	1,835,000	1,285,000
Centre Mall	2000	5.10-5.70 %	2011	50,000-80,000	690,000	275,000
Water Utility	2001	4.4647 %	2012	20,582-29,638	248,630	137,487
Sewer Utility	2001	4.4647 %	2012	46,286-66,652	<u>559,135</u>	<u>309,191</u>
Total					<u>\$12,570,000</u>	<u>\$9,205,000</u>

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding June 30, 2007</u>
Revenue:						
Sewer	1993	3.74 %	2017	\$39,000-79,000	\$1,140,000	\$673,000
Sewer	1994	4.54 %	2017	25,000-425,000	1,024,000	624,000
Water	2007	3.8-4.3 %	2024	130,000-270,000	<u>3,565,000</u>	<u>3,300,000</u>
Total Revenue					<u>\$6,599,000</u>	<u>\$5,467,000</u>

The General Obligation Bonds are to be retired through property tax levies. Revenue Bonds and Notes Payable are to be retired through Enterprise Fund Revenues. Special assessments are to be retired through special assessment tax levies. The City is not obligated for special assessment debt.

The annual requirements to amortize all debt outstanding as of June 30, 2007, are as follows:

<u>Year Ending June 30</u>	<u>General Obligation Principal</u>	<u>Interest on General Obligation Debt</u>	<u>Revenue Bond Principal</u>	<u>Interest on Revenue Bonds</u>	<u>Total</u>
2008	\$920,000	\$387,047	\$308,000	\$206,564	\$1,821,611
2009	975,000	342,570	317,000	195,794	1,830,364
2010	1,015,000	304,538	331,000	184,716	1,835,254
2011	835,000	263,510	341,000	173,001	1,612,511
2012	830,000	227,626	352,000	160,830	1,570,456
Thereafter	<u>4,630,000</u>	<u>962,076</u>	<u>3,818,000</u>	<u>904,389</u>	<u>10,314,465</u>
	<u>\$9,205,000</u>	<u>\$2,487,367</u>	<u>\$5,467,000</u>	<u>\$1,825,294</u>	<u>\$18,984,661</u>

(8) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by the state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70 % of their annual covered salary and the City is required to contribute 5.75 % of annual covered payroll, except for law enforcement employees, in which case the percentages are 5.93 % and 8.90 % respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$271,742, \$256,763, and \$245,538, respectively, equal to the required contributions for each year.

9) Major Customers

During the year ended June 30, 2007, charges for services provided by the natural gas utility of the City to Siouxland Energy was \$4,776,609 or 50 % of total natural gas revenues. Total charges to Sioux Preme Egg for sewer services for the year was \$142,896 or 17 % of total sewer revenues.

See notes to financial statements

CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2007

(10) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Related Party Transactions

The City had business transactions between the City and City officials, totaling \$24,099 in goods and \$221,763 in interest income during the year ended June 30, 2007.

(12) Deficit Fund Balance

Eight Capital Projects Funds had deficit balances of \$194,782 at June 30, 2007. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of state grant monies, and property assessments.

Required Supplementary Information

CITY OF SIOUX CENTER, IOWA
Required Supplementary Information
Notes to Required Supplementary Information - Budgetary Reporting
June 30, 2007

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrued basis following required public notice and hearing for all funds, except internal service, nonexpendable trust, and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue fund, debt service fund, capital projects funds and permanent funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, budget amendment increased budgeted disbursements by \$1,347,500. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted.

CITY OF SIOUX CENTER, IOWA

Required Supplementary Information
Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds
Year ended June 30, 2007

	Governmental Fund Types <u>Actual</u>	Less Proprietary Fund Type <u>Actual</u>	Funds not Required to <u>be Budgeted</u>	<u>Net</u>	<u>Budgeted Amounts</u> <u>Original</u>	<u>Final</u>	Final to Actual Variance Positive <u>Negative</u>
Receipts:							
Property Tax	\$1,855,675			\$1,855,675	\$1,853,181	\$1,853,181	\$2,494
Tax increment financing collections	1,180,181			1,180,181	1,163,936	1,163,936	16,245
Other city tax	680,442			680,442	616,386	616,386	64,056
License and permits	127,662			127,662	89,850	89,850	37,812
Use of money and property	297,606	\$622,262	\$10,536	909,332	504,600	504,600	404,732
Intergovernmental	981,638			981,638	2,851,893	2,851,893	(1,870,255)
Charges for services	968,434	18,044,340	16,021	18,996,753	21,859,835	21,289,835	(2,293,082)
Special assessments	76,711			76,711	580,155	580,155	(503,444)
Miscellaneous	<u>587,430</u>	<u>3,865,206</u>	<u>7,510</u>	<u>4,445,126</u>	<u>3,066,190</u>	<u>6,891,190</u>	<u>(2,446,064)</u>
Total Receipts	6,755,779	22,531,808	34,067	29,253,520	32,586,026	35,841,026	(6,587,506)
Disbursements:							
Public Safety	730,316			730,316	811,939	812,939	82,623
Public Works	803,434			803,434	1,071,500	1,176,500	373,066
Culture and recreation	2,106,035			2,106,035	2,374,365	2,634,365	528,330
Community and economic development	150,468			150,468	131,795	134,795	(15,673)
General government	599,959			599,959	711,500	770,000	170,041
Debt service	491,741			491,741	523,935	523,935	32,194
Capital projects	1,831,620			1,831,620	7,073,500	7,993,500	6,161,880
Business type		<u>18,063,469</u>	<u>108,665</u>	<u>17,954,804</u>	<u>20,141,095</u>	<u>20,847,595</u>	<u>2,892,791</u>
Total Disbursements:	6,713,573	18,063,469	108,665	24,668,377	32,839,629	34,893,629	10,225,252
Excess of receipts over disbursements	42,206	4,468,339	(74,598)	4,585,143	(253,603)	947,397	3,637,746
Other financing sources, net	<u>2,200,895</u>	<u>211,105</u>	<u>(286,232)</u>	<u>2,698,232</u>	<u>1,200,000</u>	<u>1,935,000</u>	<u>763,232</u>
Excess of receipts and other financing	<u>\$2,243,101</u>	<u>\$4,679,444</u>	<u>(\$360,830)</u>	<u>\$7,283,375</u>	<u>\$946,397</u>	<u>\$2,882,397</u>	<u>\$4,400,978</u>

CITY OF SIOUX CENTER, IOWA

Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2007

	<u>Governmental Funds</u>			<u>Proprietary Funds</u>		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$10,992,485	\$21,111	\$11,013,596	\$24,732,844	\$94,586	\$24,827,430
Expenditures/expenses	<u>14,055,310</u>	<u>(9,276)</u>	<u>14,046,034</u>	<u>22,333,626</u>	<u>(1,486,031)</u>	<u>20,847,595</u>
Net	(3,062,825)	30,387	3,032,438	2,399,218	1,580,617	3,979,835
Other financing sources/net	1,551,935	0	1,551,935	41,065	342,000	383,065
Beginning fund balances/net assets	<u>3,618,553</u>	<u>254,702</u>	<u>3,873,255</u>	<u>23,593,347</u>	<u>4,421,859</u>	<u>28,015,206</u>
Ending fund balances/net assets	<u>\$2,107,663</u>	<u>\$285,089</u>	<u>\$2,392,752</u>	<u>\$26,033,630</u>	<u>\$6,344,476</u>	<u>\$32,378,106</u>

See notes to financial statements

Other Supplementary Information

CITY OF SIOUX CENTER, IOWA

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2007

<u>Assets</u>	Local Option <u>Sales Tax</u>	Road Use <u>Tax</u>	TIF/ <u>SSMID</u>	Trust & <u>Agency</u>	<u>Totals</u>
Cash and Cash Equivalents	\$7,908	\$738,591	\$13,128	\$125,706	\$885,333
Due from Other Governments	45,743	43,321	1,222	3,373	93,659
Due from Other Funds	<u> </u>	<u>154,988</u>	<u> </u>	<u> </u>	<u>154,988</u>
 Total Assets	 <u>53,651</u>	 <u>936,901</u>	 <u>14,350</u>	 <u>129,079</u>	 <u>1,133,980</u>
 <u>Liabilities</u>					
Accounts Payable		1,421			1,421
Deferred Revenue	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total Liabilities		 <u>1,421</u>			 <u>1,421</u>
 <u>Fund Balance</u>					
Unreserved-Undesignated	<u>53,651</u>	<u>935,479</u>	<u>14,350</u>	<u>129,079</u>	<u>1,132,559</u>
 Total Liabilities	 <u>\$53,651</u>	 <u>\$936,901</u>	 <u>\$14,350</u>	 <u>\$129,079</u>	 <u>\$1,133,980</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SIOUX CENTER, IOWA

Nonmajor Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended June 30, 2007

<u>Assets</u>	<u>Local Option Sales Tax</u>	<u>Road Use Tax</u>	<u>TIF/ SSMID</u>	<u>Trust & Agency</u>	<u>Task Force</u>	<u>LHAP</u>	<u>Totals</u>
Revenue:							
Property Taxes				\$655,516			\$655,516
TIF Revenue			\$1,180,181				\$1,180,181
Other City Taxes	\$552,779						552,779
Intergovernmental		\$529,391					529,391
Use of Money and Property	<u>10,554</u>	<u> </u>	<u>25,888</u>	<u>7,696</u>	<u> </u>	<u> </u>	<u>44,137</u>
Total Revenues	<u>563,333</u>	<u>529,391</u>	<u>1,206,068</u>	<u>663,212</u>	<u> </u>	<u> </u>	<u>2,962,004</u>
Expenditures:							
Current Operating:							
Public Works		165,111					165,111
Public Safety					\$6,436		
Community and Economic Development	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>\$551</u>	<u>551</u>
Total Expenditures	<u> </u>	<u>165,111</u>	<u> </u>	<u> </u>	<u>6,436</u>	<u>551</u>	<u>172,098</u>
Excess (Deficiency) of Revenues Over Expenditures	563,333	364,280	1,206,068	663,212	(6,436)	(551)	2,789,906
Other Financing (Uses)							
Operating Transfers to Other Funds	(554,801)	(659,840)	(1,200,065)	(645,710)			(3,060,416)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	8,532	(295,560)	6,003	17,502	(6,436)	(551)	(270,510)
Fund Balances at Beginning of Year	<u>45,118</u>	<u>1,231,040</u>	<u>8,347</u>	<u>111,577</u>	<u>6,436</u>	<u>551</u>	<u>1,403,069</u>
Fund Balances at End of Year	<u>\$53,650</u>	<u>\$935,480</u>	<u>\$14,350</u>	<u>\$129,079</u>	<u> </u>	<u> </u>	<u>\$1,132,559</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SIOUX CENTER, IOWA

Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2007

	East 1st Street	Biotech Park	Local Resurfacing	7th St. NW	Muti-Family Complex	St. Andrew’s Way	Downtown Streetscape	16th St. SW Turn Lane	Trail Extension	75 South Turn lane	Airport Improvements	Library Fire	Total
<u>ASSETS</u>													
Cash and Cash Equivalents			\$7,091					\$159,246		\$99,641	\$96,148	\$2,285,252	\$2,647,377
Accrued Interest												10,395	10,395
Total Assets			<u>7,091</u>					<u>159,246</u>		<u>99,641</u>	<u>96,148</u>	<u>2,295,647</u>	<u>2,657,772</u>
<u>LIABILITIES AND FUND BALANCE</u>													
<u>Liabilities</u>													
Accounts Payable						\$5,690				623		13,621	\$28,041
Due to Other Funds	<u>\$15,125</u>	<u>\$52,746</u>		<u>\$14,784</u>	<u>\$3,034</u>	<u>72,333</u>	<u>\$23,314</u>	<u>\$8,107</u>	<u>7,756</u>				<u>189,093</u>
Total Liabilities	15,125	52,746		14,784	3,034	78,023	23,314	8,107	7,756	623		13,621	217,134
Fund Balance (Deficit)													
Unreserved - Undesignated	<u>15,125</u>	<u>(52,746)</u>	<u>7,091</u>	<u>(14,784)</u>	<u>3,034</u>	<u>(78,023)</u>	<u>(23,314)</u>	<u>151,138</u>	<u>7,756</u>	<u>99,018</u>	<u>96,148</u>	<u>2,282,026</u>	<u>2,440,638</u>
Total Liabilities and Fund Balance			<u>\$7,091</u>					<u>\$159,246</u>		<u>\$99,641</u>	<u>\$96,148</u>	<u>\$2,295,647</u>	<u>\$2,657,772</u>

CITY OF SIOUX CENTER, IOWA
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2007

	Airport <u>Lighting</u>	Fire <u>Engine</u>	East <u>1st Street</u>	Biotech <u>Park</u>	Local <u>Resurfacing</u>	7th <u>St. NW</u>	Muti-Family <u>Complex</u>	St. Andrew's <u>Way</u>	Downtown <u>Streetscape</u>	16th St. SW <u>Turn Lane</u>	Trail <u>Extension</u>	75 South <u>Turnlane</u>	Airport <u>Improvements</u>	Library <u>Fire</u>	14th St. <u>SE</u>	Intersection <u>Widening</u>	<u>Total</u>
Revenues:																	
Use of Money & Property													\$4,576	\$41,338			\$45,913
Intergovernmental	\$26,631															\$367,500	394,131
Miscellaneous	<u>1,695</u>				<u>\$143,460</u>								<u> </u>	<u>3,996</u>	<u>\$13,109</u>	<u> </u>	<u>162,260</u>
Total Revenues	28,326				143,360								4,576	45,334	13,109	367,500	602,304
Expenditures																	
Capital Projects	<u>2,119</u>	<u>\$299,219</u>	<u>\$15,125</u>	<u>\$22,486</u>	<u>10,818</u>			<u>\$309,523</u>	<u>\$23,314</u>	<u>\$171,362</u>		<u>6,983</u>	<u>56,950</u>	<u>243,017</u>	<u>2,082</u>	<u>668,622</u>	<u>1,831,620</u>
Total Expenditures	<u>2,119</u>	<u>299,219</u>	<u>15,125</u>	<u>22,486</u>	<u>10,818</u>			<u>309,523</u>	<u>23,314</u>	<u>171,362</u>		<u>6,983</u>	<u>56,950</u>	<u>243,017</u>	<u>2,082</u>	<u>668,622</u>	<u>1,831,620</u>
Express (Deficiency) of Revenues Over Expenditures	26,207	299,219	(15,125)	(22,486)	132,642			(309,523)	(23,314)	(171,362)		(6,983)	(52,374)	(197,683)	11,027	(301,122)	(1,229,316)
Transfers	7,082	299,219						231,500		322,500		106,000		1,550,500	7,842	551,998	3,076,641
Fund (Deficit) at Beginning of Year	<u>(33,289)</u>	<u> </u>	<u> </u>	<u>(30,260)</u>	<u>(125,551)</u>	<u>(14,784)</u>	<u>(3,034)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(7,756)</u>	<u> </u>	<u>148,522</u>	<u>929,209</u>	<u>(18,869)</u>	<u>(250,876)</u>	<u>593,313</u>
Fund (Deficit) at End of Year	<u> </u>	<u> </u>	<u>(\$15,125)</u>	<u>(\$52,746)</u>	<u>\$7,091</u>	<u>(\$14,784)</u>	<u>(\$3,034)</u>	<u>(\$78,023)</u>	<u>(\$23,314)</u>	<u>\$151,138</u>	<u>(\$7,756)</u>	<u>\$99,018</u>	<u>\$96,148</u>	<u>\$2,282,026</u>	<u> </u>	<u> </u>	<u>\$2,440,638</u>

CITY OF SIOUX CENTER, IOWA

Schedule of Receipts By Source and Disbursements By Function All Government Fund Types For the years ended June 30

For the Last Four Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Receipts:				
Property Tax	\$1,855,675	\$2,209,637	\$1,621,949	\$1,541,583
Tax increment financing collections	\$1,180,181	\$964,944	\$1,074,393	\$1,031,418
Other city taxes	680,442	121,588	441,862	447,695
License and permits	127,662	99,355	85,507	76,817
Use of money and property	297,606	274,990	176,623	129,093
Intergovernmental	981,638	631,724	704,756	1,744,167
Charges for services	968,434	930,449	994,073	631,281
Special assessments	76,711	98,425	25,889	86,469
Miscellaneous (including contributions)	<u>587,430</u>	<u>447,399</u>	<u>1,206,159</u>	<u>1,655,539</u>
Total	<u>6,755,779</u>	<u>5,778,481</u>	<u>6,331,211</u>	<u>7,344,062</u>
Disbursements:				
Public Safety	730,316	776,606	725,681	636,876
Public Works	803,434	659,692	585,562	625,173
Culture and recreation	2,106,035	2,118,324	1,912,132	1,845,690
Community and economic development	150,468	118,726	111,704	172,788
General government	599,959	614,226	644,968	483,381
Debt Service	491,741	522,879	491,428	1,099,441
Capital projects	<u>1,831,620</u>	<u>1,133,134</u>	<u>666,256</u>	<u>2,169,779</u>
Total	<u>\$6,713,573</u>	<u>\$5,943,587</u>	<u>\$5,137,731</u>	<u>\$7,033,128</u>

The accompanying notes are an integral part of the financial statements.

Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Honorable Mayor and Members of the City Council:

We have audited the financial statements of City of Sioux Center, Iowa as of and for the year ended June 30, 2007, and have issued our report thereon dated October 4, 2007. We conducted our audit in accordance with generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Sioux Center, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City of Sioux Center, Iowa's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the City of Sioux Center, Iowa. Since our audit was based on tests and samples, not all transactions that might have an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comment has been continued, see item IV-K-07.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Sioux Center, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City of Sioux Center, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and may not be detected within a timely period by

employees in the normal course of performing their assigned functions. Our considerations of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no material weaknesses in planning and performing the audit.

This report is intended for the information of the City of Sioux Center, Iowa, the federal awarding agency and other grantor agencies. However, this report is a matter of public record and its distribution is not limited.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of City of Sioux Center, Iowa during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Sioux Center, Iowa
October 4, 2007

CITY OF SIOUX CENTER, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part I: Summary of the Independent Auditor's Results

- a) An unqualified opinion was issued on the financial statements.
- b) No reportable conditions in internal control over financial reporting were found during the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No reportable conditions in internal control over major programs were found during the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit found no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a)
- g) Major programs were as follows: NONE
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$500,000.
- i) City of Sioux Center, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the General Purpose Financial Statements:

REPORTABLE CONDITIONS: NONE

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE: NONE

REPORTABLE CONDITIONS: NONE

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-07 Certified Budget - Disbursements during the year ended June 30, 2007 exceeded the amount budgeted in the community and economic development. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."
Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget
Response - The budget will be amended in the future, if applicable.
Conclusion - Response accepted.
- IV-B-07 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-07 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

See notes to financial statements

CITY OF SIOUX CENTER, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

IV-D-06 Business Transactions - Business transactions between the City and the City officials or employees detailed as follows:

Name, Title, and <u>Business Connection</u>	Transaction <u>Description</u>	<u>Amount</u>
W. Dale Den Herder, Council Member President of American State Bank	Interest Income, Bank fees	\$221,763
Dennis Walstra, Mayor Walstra Plumbing & Heating	Supplies	\$21,407
Randy Vreugdenhil, Council Member Hills Electronics	Computers and Supplies	\$2,692

In accordance with Chapter 362.5(2), the transaction with the bank does not appear to be a conflict of interest because American State Bank has been designated as a depository, paying agent, or for investment of funds. The transaction with Walstra Plumbing & Heating and Hills Electronics do not appear to represent a conflict of interest because competitive bidding was not required for amounts under \$25,000, in accordance with Iowa Code.

IV-E-07 Bond Coverages - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-F-07 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-07 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City investment policy were noted.

IV-H-07 Revenue Bonds - The City has complied with the provisions of the revenue bond indentures which state that the bonds and interest are payable solely and only from the net earnings of the activities.

IV-I-07 Publication of Salaries - It was noted that salaries were not published.

Recommendation - Insure that annual salaries are published.

Response - Comment noted.

Conclusion - Response noted, auditor reiterated the State requirement should be followed.

City of Sioux Center, Iowa

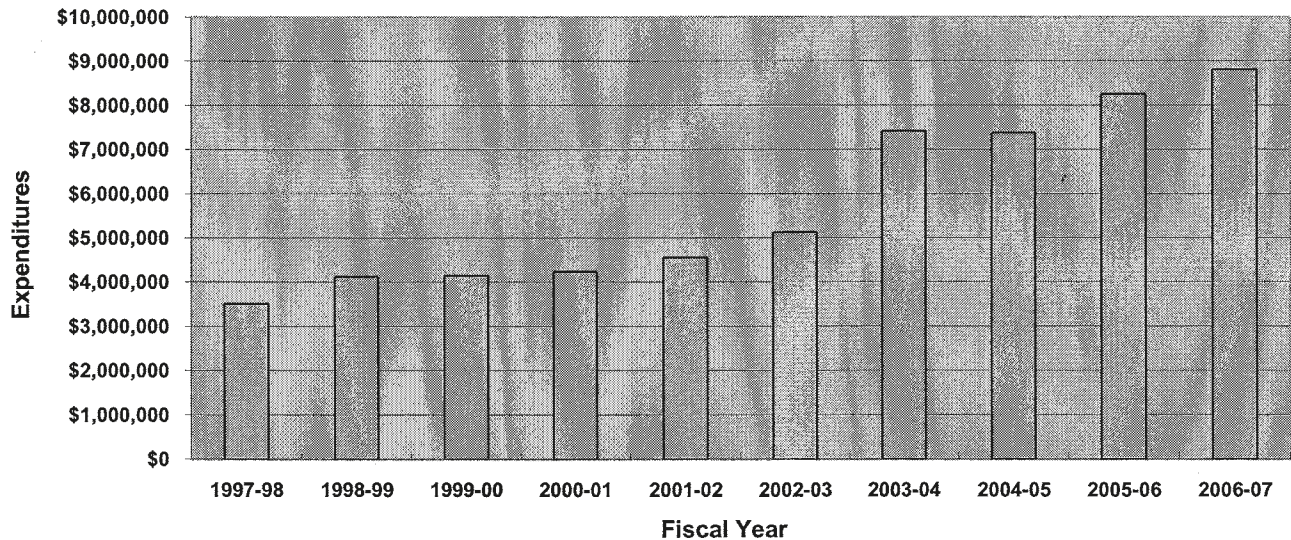
Table I

General Governmental Expenditures and Other Uses by Function
General, Special Revenue and Debt Service Funds
Last Ten Fiscal Years

Year	*Public Safety (formerly Community Protection)	*Public Works (formerly Home & Comm. Env.)	*Culture & Recreation (formerly Human Development)	*General Government (formerly General Admin)	*Community & Econ Dev	*Debt Service	Transfers	Total
1997-98	\$458,481	\$541,278	\$1,127,062	\$427,637			\$956,291	\$3,510,749
1998-99	592,025	652,349	1,194,736	435,730			1,249,962	4,124,802
1999-00	605,689	687,381	1,229,444	425,401			1,203,013	4,150,928
2000-01	610,436	701,321	1,170,210	435,869			1,322,213	4,240,049
2001-02	672,486	951,184	1,135,836	450,883			1,350,644	4,561,033
2002-03	612,478	837,560	1,060,886	452,608	174,244	428,391	1,564,555	5,130,722
2003-04	636,876	625,173	1,845,690	483,381	172,788	1,099,441	2,558,787	7,422,136
2004-05	725,681	585,682	1,912,132	644,968	111,704	491,428	2,906,682	7,378,277
2005-06	776,605	659,692	2,118,324	614,226	118,726	522,879	3,446,902	8,257,354
2006-07	730,316	803,434	2,106,035	599,959	150,468	491,741	3,932,365	8,814,318

*Note: Revised expenditure categories established in 2002-2003 to comply with state of Iowa modifications.

Total Governmental Expenditures Last Ten Fiscal Years



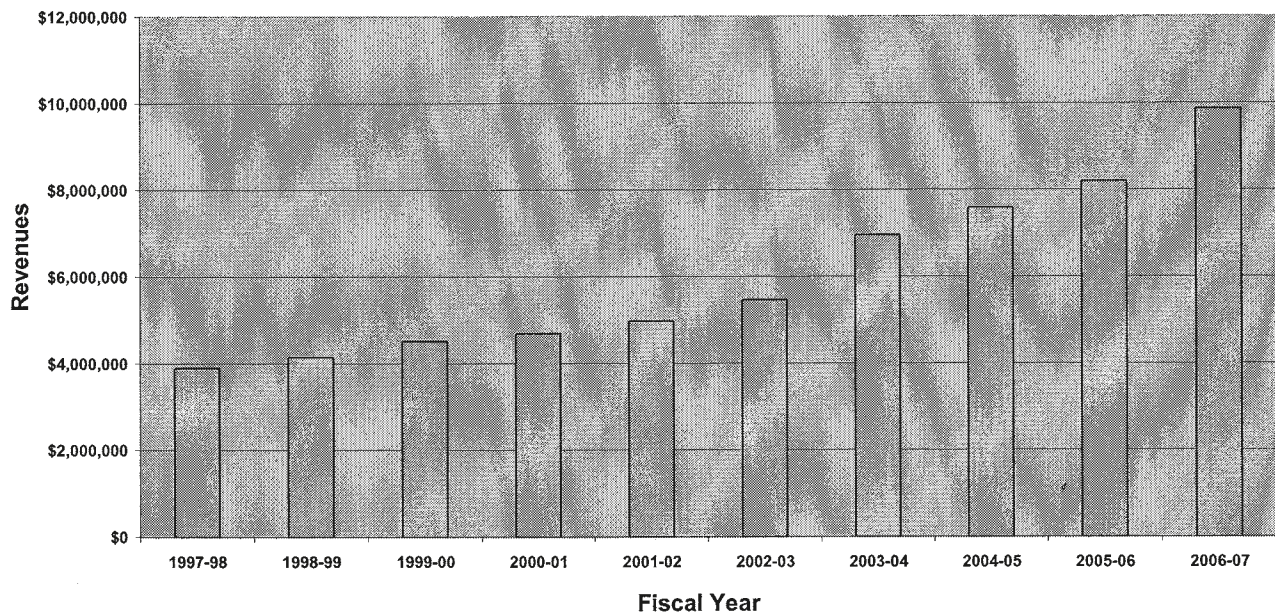
City of Sioux Center, Iowa

Table II

General Governmental Revenues and Other Sources
General, Special Revenue and Debt Service Funds
Last Ten Fiscal Years

Year	Taxes	Special Assessments	Licenses and Permits	Inter- Governmental Revenues	Contributions from Property Owners	Charges for Services	Fines and Fees	Use of Money and Property	Miscell- aneous Revenue	Transfers	Total
1997-98	\$1,889,034	\$806	\$68,009	\$549,076	\$1,211	\$331,686	\$17,354	\$192,805	\$210,123	\$633,015	\$3,893,119
1998-99	2,125,139	678	65,296	583,530	1,187	333,763	15,570	188,991	133,555	693,666	4,141,375
1999-00	2,178,145	88,750	73,841	655,782	2,803	333,022	19,127	199,909	147,676	817,197	4,516,252
2000-01	2,211,504	84,785	97,341	645,566	33,113	335,039	18,119	193,568	226,052	842,284	4,687,371
2001-02	2,611,209	114,511	68,612	641,349	520	254,608	20,967	173,202	172,498	921,203	4,978,679
2002-03	2,627,716	90,534	83,925	822,022	862	307,936	24,448	141,845	175,914	1,189,835	5,465,037
2003-04	3,019,186	25,929	76,817	627,733	1,774	631,281	19,350	129,093	286,787	2,138,360	6,956,310
2004-05	3,138,204	25,120	85,507	557,534	1,886	994,073	17,515	165,314	251,182	2,350,764	7,587,099
2005-06	3,296,138	98,425	99,355	631,724	2,277	930,449	17,095	230,015	251,571	2,641,315	8,198,364
2006-07	3,716,298	76,711	127,662	587,507	3,381	968,434	19,288	251,693	402,500	3,721,260	9,874,735

Total Governmental Revenues Last Ten Fiscal Years



City of Sioux Center, Iowa

Table III

Tax Revenues by Source
Last Ten Fiscal Years

<u>Year</u>	<u>Total Taxes</u>	<u>General Property Taxes</u>	<u>Agricultural Land Tax</u>	<u>Mobile Home Tax</u>	<u>Local Option Sales Tax</u>	<u>Tax Increment Financing District</u>
1997-98	\$1,889,034	\$1,098,688	\$5,961	\$5,652	\$294,218	\$484,515
1998-99	2,125,139	1,107,468	6,420	5,744	420,161	585,346
1999-00	2,178,145	1,178,745	6,524	6,651	330,042	656,183
2000-01	2,211,504	1,192,883	6,238	6,220	333,478	672,685
2001-02	2,611,209	1,328,381	6,230	5,177	383,954	887,467
2002-03	2,627,716	1,476,115	5,870	5,423	409,204	731,104
2003-04	3,019,186	1,541,583	5,696	4,736	435,753	1,031,418
2004-05	3,138,204	1,625,373	4,364	5,402	428,672	1,074,393
2005-06	3,217,406	1,728,262	4,756	4,775	514,670	964,943
2006-07	3,716,298	1,974,322	4,660	4,356	552,779	1,180,181

City of Sioux Center, Iowa

Table IV

Property tax Levies and Collections
Last Ten Fiscal Years

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Collections as Percent of Curent Levy</u>	<u>Delinquent Taxes Receivable</u>
1997-98	\$1,509,965	\$1,509,087	99.9%	\$76	\$1,509,163	99.9%	\$878
1998-99	1,622,979	1,622,603	99.9%	878	1,623,481	100.0%	376
1999-00	1,844,639	1,845,254	100.0%	376	1,845,630	100.0%	904
2000-01	1,931,481	1,862,810	96.4%	904	1,863,714	96.5%	82,616
2001-02	2,104,574	2,286,659	100.0%	82,616	2,369,275	100.0%	1,725
2002-03	2,214,809	2,210,123	99.8%	1,725	2,211,848	99.80%	2,393
2003-04	2,485,848	2,508,382	100.0%	2,393	2,510,775	100.90%	315
2004-05	2,606,377	2,691,285	100.0%	315	2,691,600	103.27%	890
2005-06	2,846,327	2,757,691	96.9%	890	2,758,580	96.92%	910
2006-07	3,137,741	3,144,012	100.2%	910	3,144,922	100.23%	899

City of Sioux Center, Iowa

Table V

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Collection Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Utilities</u>		<u>Total</u>		Ratio of Assessed to Estimated
	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	
1997-98	\$112,153,022	\$163,605,990	\$5,152,345	\$5,152,345	\$982,146	\$982,146	\$118,287,513	\$169,740,481	69.69%
1998-99	113,616,496	176,231,141	5,369,579	5,369,579	1,177,894	1,189,110	120,163,969	182,789,830	65.74%
1999-00	121,649,036	183,207,505	5,228,451	5,228,451	1,423,420	1,423,420	128,300,907	189,859,376	67.58%
2000-01	125,256,327	192,482,172	5,548,875	5,548,875	1,407,989	1,415,545	132,213,191	199,446,592	66.29%
2001-02	134,549,484	200,909,486	4,452,833	4,452,833	1,341,770	1,341,770	140,344,087	206,704,089	67.90%
2002-03	158,649,753	245,546,256	977,281	977,281	1,275,960	1,287,596	160,914,630	247,811,133	64.93%
2003-04	160,872,021	247,768,524	0	0	1,244,987	1,244,987	162,117,008	249,013,511	65.10%
2004-05	159,310,103	254,092,890	0	0	1,261,133	1,264,303	160,571,236	255,357,193	62.88%
2005-06	164,454,918	259,762,534	0	0	1,270,418	1,270,418	165,725,336	261,032,952	63.49%
2006-07	179,069,053	292,992,586	0	0	1,167,183	1,170,856	180,236,236	294,163,442	61.27%

City of Sioux Center, Iowa

Table VI

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Tax Rates per \$1,000 of Assessed Valuation

<u>Year</u>	<u>City</u>	<u>School District</u>	<u>County Consolidated</u>	<u>Vocational School</u>	<u>Total</u>
1997-98	\$10.99860	\$12.90616	\$2.89956	\$0.49080	\$27.29512
1998-99	11.19995	13.01458	3.08408	0.47864	27.77725
1999-00	11.17542	12.96314	3.53387	0.48192	28.15435
2000-01	11.48492	13.63856	3.53287	0.52226	29.17861
2001-02	11.64251	13.60919	3.51674	0.53380	29.30224
2002-03	11.66538	14.20535	3.93682	0.54774	30.35529
2003-04	12.24057	14.30223	4.64743	0.65433	31.84456
2004-05	13.19098	14.05656	5.06682	0.58447	32.89883
2005-06	13.45379	14.00026	6.14423	0.58365	34.18193
2006-07	13.77055	13.98994	6.13163	0.66202	34.55414

City of Sioux Center, Iowa

Table VII

Ratio of Net General Bonded Debt
to Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years

Levy Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service and Escrow Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1997-98	5,712	\$118,287,513	\$7,403,971	\$3,323,220	\$4,080,751	.0345 to 1	714.42
1998-99	5,712	120,163,969	7,274,925	3,037,995	4,236,930	.0353 to 1	714.42
1999-00	5,712	128,300,907	5,827,693	802	5,826,891	.0454 to 1	1,020.11
2000-01	6,002	132,213,191	7,030,918	1,752	7,029,166	.0532 to 1	1,171.14
2001-02	6,002	140,344,087	8,018,304	1,359	8,016,945	.0571 to 1	1,335.71
2002-03	6,002	153,552,986	8,404,809	622,879	7,781,930	.0484 to 1	1,296.56
2003-04	6,002	160,872,021	7,165,390	7,637	7,157,753	.0445 to 1	1,192.56
2004-05	6,002	159,310,103	7,898,192	9,560	7,888,632	.0495 to 1	1,314.33
2005-06	6,327	164,454,918	6,880,000	3,275	6,876,725	.0418 to 1	1,086.89
2006-07	6,327	180,236,236	9,205,000	27,302	9,177,698	.0509 to 1	1,450.56

City of Sioux Center, Iowa

Table VIII

Computation of Direct and Overlapping Debt
June 30, 2007

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to City	City of Sioux Center Share of Debt
City of Sioux Center	\$9,177,698	100.00%	\$9,177,698
Sioux Center Community School District	6,633,492	74.77%	4,959,600
Sioux County	<u>4,970,000</u>	<u>17.89%</u>	<u>888,906</u>
Total	<u>\$20,781,190</u>		<u>\$15,026,204</u>

City of Sioux Center, Iowa

Table IX

Computation of Legal Debt Margin
June 30, 2007

2006-07 Estimated Actual Valuation			
Real Estate	\$292,992,586		
Personal Property	0		
Utilities	<u>1,170,856</u>		
Total Actual Value	294,163,442		
Debt Limit - 5% of Actual Valuation			\$14,708,172
Amount of Debt Applicable to Debt Limit			
General Bonded Debt	9,205,000		
Other Debt	5,467,000		
		\$14,672,000	
Less:			
Revenue Bonds	5,467,000		
Special Assessment Bonds	<u>0</u>		
		<u>5,467,000</u>	
Total Debt Applicable to Debt Limit			<u>9,205,000</u>
Legal Debt Margin			<u>\$5,503,172</u>
Legal Debt Margin as Percentage			37%

City of Sioux Center, Iowa

Table X

Special Assessment Collections
Last Ten Fiscal Years

Fiscal Year	Current Assessments Due	Current Assessments Collected	Ratio of Collections to Amount Due	Total Outstanding Current and Delinquent Assessments
1997-98	\$112,562	\$112,562	100.0 to 100	\$48,349
1998-99	48,349	48,349	100.0 to 100	37,747
1999-00	37,747	88,750	235.1 to 100	36,253
2000-01	36,253	84,785	233.8 to 100	32,755
2001-02	45,101	122,790	272.3 to 100	47,385
2002-03	47,385	97,365	205.5 to 100	36,417
2003-04	36,417	47,076	129.3 to 100	32,864
2004-05	32,864	39,227	119.4 to 101	26,831
2005-06	26,831	41,045	152.9 to 100	24,461
2006-07	24,461	26,771	109.4 to 100	7,739

City of Sioux Center, Iowa

Table XI

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Governmental Expenditures
1997-98	\$66,317	\$57,212	\$123,529	\$3,510,749	3.52%
1998-99	66,983	53,186	120,169	4,124,802	2.91%
1999-00	66,301	49,379	115,680	4,150,298	2.79%
2000-01	76,775	104,190	180,965	4,240,049	4.27%
2001-02	82,614	129,267	211,881	4,561,033	4.65%
2002-03	196,627	224,264	420,891	5,130,722	8.20%
2003-04	884,876	214,563	1,099,439	7,422,136	14.81%
2004-05	329,981	159,498	489,479	7,378,277	6.63%
2005-06	377,570	144,415	521,985	8,257,354	6.32%
2006-07	367,433	122,808	490,241	8,814,318	5.56%

City of Sioux Center, Iowa

Table XII

Schedule of Revenue Bond Coverages

Sewer Revenue Bond Issues
Last Ten Fiscal Years

Year	Revenue (1)	Operating Expenses (2)	Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997-98	\$607,164	\$358,130	\$249,034	\$15,654	\$53,766	\$69,420	5.16
1998-99	597,844	365,304	232,540	92,259	87,501	179,760	1.29
1999-00	746,063	381,204	364,859	96,121	85,013	181,134	2.01
2000-01	672,284	434,888	237,396	100,028	79,623	179,651	1.32
2001-02	604,038	451,634	152,404	85,000	101,763	186,763	0.82
2002-03	682,734	439,470	243,264	88,000	96,483	184,483	1.32
2003-04	727,269	506,052	221,217	91,000	69,451	160,451	1.38
2004-05	921,883	534,482	387,401	95,000	65,712	160,712	2.41
2005-06	1,051,212	676,327	374,885	99,000	53,389	152,389	2.46
2006-07	926,762	729,278	197,484	103,000	42,000	145,000	1.36

Water Revenue Bond Issues
Last Eight Fiscal Years

Year	Revenue (1)	Operating Expenses (2)	Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999-00	967,090	668,087	299,003		137,496	137,496	2.17
2000-01	920,943	631,881	289,062	60,000	193,390	253,390	1.14
2001-02	939,047	662,618	276,428	81,367	190,930	272,297	1.02
2002-03	966,858	632,494	334,364	87,435	187,342	274,777	1.22
2003-04	1,032,974	641,655	391,319	88,248	183,734	271,982	1.44
2004-05	1,065,595	705,118	360,477	94,720	179,402	274,122	1.32
2005-06	1,134,541	656,955	477,587	130,000	136,883	266,883	1.79
2006-07	1,153,328	725,556	427,772	135,000	137,546	272,546	1.57

(1) Total revenues (including interest) exclusive of Connection Fees and Depreciation on Fixed Assets acquired by Grants.

(2) Total operating expenses exclusive of depreciation and interest.

City of Sioux Center, Iowa

Table XIII

Property Value and Construction
Last Ten Fiscal Years

Calendar Year	Commercial (1) Construction		Residential (1) Construction		Institutional (2) Construction		Property (3) Value
	Units	Value	Units	Value	Units	Value	
1997	21	\$4,933,743	60	\$3,429,069	3	\$6,998,763	\$118,287,513
1998	19	3,233,261	69	4,008,275	2	697,845	120,163,969
1999	29	10,627,316	99	5,756,909	6	1,200,204	128,300,907
2000	15	3,047,086	76	9,343,102	6	12,458,034	132,213,191
2001	14	1,306,641	66	4,428,569	3	77,000	140,344,087
2002	17	2,282,800	57	5,167,318	5	7,879,400	160,914,630
2003	21	6,183,295	81	7,232,693	5	1,530,635	162,117,008
2004	19	2,882,912	83	7,570,881	4	4,297,532	160,571,236
2005	14	7,058,708	77	7,433,490	1	10,000	165,725,336
2006	26	10,169,265	92	8,826,211	2	93,000	180,236,236

(1) Includes new construction and remodeling (Source: Local Building Permits Issued)

(2) Schools, Churches, City Facilities (Source: Local Building Permits Issued)

(3) Total Assessed Value from Table V

City of Sioux Center, Iowa

Table XIV

Principal Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Value</u>	Percentage of Taxable <u>Value</u>
Trigen, LLC	Manufacturing	\$14,183,900	7.87%
Farmers Coop Society	Grain Elevator & Lumber yard	7,510,024	4.17%
City of Sioux Center	Retail Shopping Mall	6,564,833	3.64%
Sioux Automation	Manufacturing	4,875,128	2.70%
Sioux Center Community Hospital	Hospital	4,206,350	2.33%
Golden Crisp	Food Processing	4,178,000	2.32%
Vet Pharm	Vaccine Distributor	2,535,980	1.41%
American State Bank	Commercial Bank	2,401,540	1.33%
Harbor Group Investments	Control Systems	1,980,130	1.10%
EMW Groschopp	Manufacturing	<u>1,800,000</u>	1.00%
Total		<u>\$50,235,885</u>	<u>26.87%</u>

City of Sioux Center, Iowa

Table XV

Demographic Statistics

Fiscal Year	(1) <u>Population</u>	(2) <u>Per Capita Income</u>	(2) <u>Median Age</u>	(2) <u>High School Equivalency</u>	(3) <u>School Enrollment</u>	(4) <u>Unemployment Rate</u>
1997-98	5,712	(5)	(5)	(5)	1,357	2.3%
1998-99	5,712	(5)	(5)	(5)	1,377	2.0%
1999-00	5,712	(5)	(5)	(5)	1,312	2.1%
2000-01	6,002	\$25,393	25.5	79.5%	1,360	2.1%
2001-02	6,002	\$25,690	25.5	79.5%	1,295	2.3%
2002-03	6,002	\$25,690	25.5	79.5%	1,315	2.6%
2003-04	6,002	\$25,690	25.5	79.5%	1,322	2.6%
2004-05	6,002	\$25,690	25.5	79.5%	1,321	3.3%
2005-06	6,327	\$25,690	25.5	79.5%	1,333	2.7%
2006-07	6,327	\$25,690	25.5	79.5%	1,333	2.8%

- (1) Bureau of Census
- (2) Statistical Profile of Iowa
- (3) Sioux Center Community Schools
- (4) Iowa Workforce Development
- (5) Information not available

City of Sioux Center, Iowa

Table XVI

Miscellaneous Statistical Data

Date of Incorporation	1891
Date Home Rule City Act was Adopted	1974
Form of Government:	
Type-Council-Mayor	
Council composed of Mayor and five Council Members	
Terms of Office:	
Mayor-four year term	
Council Members-four year staggered terms	
Manager-appointed by City Council	
Average Winter Temperature	18 Degrees
Average Summer Temperature	71 Degrees
Average Annual Rainfall	28 Inches
Average Annual Snowfall	33 Inches
Community Facilities:	
Electric System:	
Suppliers-Western Area Power Administration	
-Missour River Energy Services	
KWH Purchased	109,245,368
KWH Sold	<u>107,993,758</u>
Line/Unaccounted for Loss	1,251,610
Average Revenue per KWH Sold	\$0.06
Meters in Service	2,719
Gas System:	
Supplier-National Public Gas Association	
MCF Purchased	1,103,216
MCF sold	1,108,607
Unaccounted for Loss	-5,391
Average Revenue per MCF	\$8.64
Meters in Service	2,070
Water System:	
Number of Wells	15
Elevated Storage Capacity (Gallons)	650,000
Water Plant Capacity (Gallons per Day)	1,920,000
Average Daily Consumption	915,000
Peak Consumption	1,735,000
Sewer System:	
Average Daily Treatment (Gallons per Day)	1,180,000
Peak Load (Gallons per Day)	2,300,000
Design Capacity (Gallons per Day)	4,000,000
Number of Lift Stations	9

City of Sioux Center, Iowa

Staff

This audit was performed by:

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